

**STATEMENT OF THE HONORABLE FRANK A. LoBIONDO, CHAIRMAN
SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION
UNITED STATES COAST GUARD AND THE FEDERAL MARITIME COMMISSION
FY '07 BUDGET REQUESTS
March 1, 2006**

The Subcommittee is meeting this morning to review the Administration's budget request for fiscal year 2007 for the Coast Guard, the Federal Maritime Commission and other Federal programs related to the Maritime Transportation System.

The President has requested nearly \$8.2 billion for the Coast Guard for fiscal year 2007. This amount is approximately 1.6 percent more than the funding levels that were appropriated for fiscal year 2006; however this request also includes more than \$130 million for costs associated with increased fuel prices, mandatory pay increases and the Coast Guard's new mission to provide aerial defense in the National Capital Region. I am concerned that when these costs are added up, the administration is actually requesting less money for the Coast Guard to carry out its traditional and port security missions in the next fiscal year.

This budget does, however, include increases for some of the Coast Guard's most critical programs including \$934 million for the recapitalization of Coast Guard vessels and aircraft under the Deepwater program. I am interested to hear how funding at this level will affect the program's proposed asset mixture and completion time under the Revised Implementation Plan. I also hope that the witnesses' testimony will address the efficiencies and cost savings that could be gained by accelerating the completion of the program. The Subcommittee has supported, and will continue to support, an acceleration of Deepwater to bring these new, more capable assets online to bolster the Coast Guard's capabilities to carry out all of its critical missions.

The President's budget also includes approximately \$40 million for the Rescue 21 program which will modernize and eliminate existing gaps in the Coast Guard's search and rescue communications system. The system is currently up and running in my home state of New Jersey and has already improved the Coast Guard's ability to conduct search and rescue. I hope that the witnesses will be able to give us an update on this program and tell us whether the requested level will be sufficient to carry out the plans to expand the program.

The Subcommittee remains concerned by the Administration's rush to relocate Coast Guard Headquarters to the campus of St. Elizabeth's in Anacostia, without first providing Congress with a plan on how such a facility will be accessed by Coast Guard personnel, and how it will meet Coast Guard requirements. I hope we will receive further information about this proposal this morning.

We all admired the brave and selfless actions of the Coast Guard in response to Hurricanes Katrina and Rita last year, but those thousands of extra man-hours and asset-hours do have a cost. I am very concerned the current \$69 million supplemental request will not cover all emergency operating expenses, provide for a sufficient basic housing allowance to meet service

member needs, or ensure damaged facilities and equipment are repaired. I am interested to hear more on whether this request is fully meeting the Coast Guard's needs in the Gulf Coast.

The President's budget for the Federal Maritime Commission provides for a nearly 6 percent increase over the FY2006 appropriated level. The FMC regulates international maritime transportation, protects consumers of the system against fraud, and ensures an efficient flow of goods in and out of our ports. I look forward to hearing how the Commission's recent decision to allow non-vessel operating common carriers to enter into confidential service arrangements with their customers is impacting industry.

Lastly, I remain deeply concerned by the Administration's proposal to consolidate port security grant funding into a multi-sector program. This is not the time to divert funding or support from our port authorities' efforts to improve security at our ports. Port security is in the minds of all Americans with the recent announcement of the acquisition of P&O Ports by Dubai Ports, a United Arab Emirates controlled firm. I have expressed my serious concerns about the matter and I expect my colleagues may address the situation today as well. I would note that the Subcommittee plans to hold our own hearing on the issue next week.

Since enactment of the Maritime Transportation Security Act in November 2002, this Subcommittee has held eight hearings on port security, including a field hearing last month on the significant and inexcusable delay in the delivery of a National Maritime Transportation Security Plan and the launch of the Transportation Worker Identification Credential. This Subcommittee will continue to pursue aggressive oversight of port security and try to get this administration to understand the critical need to provide sufficient funding to ensure our ports are protected.

I would like to take this opportunity to thank our witnesses for appearing before the Subcommittee and, in particular, to our two Coast Guard witnesses who will be retiring this summer. Both Admiral Cross and Master Chief Petty Officer Welch have provided the Coast Guard with tremendous leadership throughout their careers. The Subcommittee thanks you for your years of service to the Coast Guard and the Nation.